

**§ 25-9-103.1. Production-money crops; production-money obligation; production-money security interest; burden of establishing.**

(a) Production-money crops. – A security interest in crops is a production-money security interest to the extent that the crops are production-money crops.

(b) Production-money obligation. – If the extent to which a security interest is a production-money security interest depends on the application of a payment to a particular obligation, the payment must be applied:

- (1) In accordance with any reasonable method of application to which the parties agree;
- (2) In the absence of the parties' agreement to a reasonable method, in accordance with any intention of the obligor manifested at or before the time of payment; or
- (3) In the absence of an agreement to a reasonable method and a timely manifestation of the obligor's intention, in the following order:
  - a. To obligations that are not secured; and
  - b. If more than one obligation is secured, to obligations secured by production-money security interests in the order in which those obligations were incurred.

(c) Production-money security interest. – A production-money security interest does not lose its status as such, even if:

- (1) The production-money crops also secure an obligation that is not a production-money obligation;
- (2) Collateral that is not production-money crops also secures the production-money obligation; or
- (3) The production-money obligation has been renewed, refinanced, or restructured.

(d) Burden of proof. – A secured party claiming a production-money security interest has the burden of establishing the extent to which the security interest is a production-money security interest. (1866-7, c. 1, s. 1; 1872-3, c. 133, s. 1; Code, s. 1799; 1893, c. 9; Rev., s. 2052; C.S., s. 2480; 1925, c. 302, s. 1; 1927, c. 22; 1935, c. 205; 1945, c. 196, s. 4; 1955, c. 816; 1957, c. 999; 1965, c. 700, s. 1; 1967, c. 24, s. 13; 1975, c. 862, s. 7; 1979, c. 404, s. 2; 1989 (Reg. Sess., 1990), c. 1024, s. 8(o); 1997-181, ss. 15, 16; 1997-336, s. 1; 1997-456, s. 5; 2000-169, s. 1.)